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Mozmin Resources Pty Ltd
ABN 50 165 833 358

Financial report for the year ended
30 June 2020

Contents

| | Page |
|---|------|
| Directors' report | 1 |
| Auditor's Independence Declaration | 3 |
| Financial report | |
| Consolidated Statement of profit or loss and other comprehensive income | 4 |
| Consolidated Statement of financial position | 5 |
| Consolidated Statement of changes in equity | 6 |
| Consolidated Statement of cash flows | 7 |
| Notes to the financial statements | 8 |
| Directors' declaration | 15 |
| Independent auditor's report to the members | 16 |

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Directors' report

The directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Mozmin Resources Pty Ltd (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

Mr Christopher Adam SCHOFIELD

Mr Glenn Anthony SIMPSON

Mr Gregory Norman JONES

Mr Maurice Dominic MATICH

(Appointed 21 December 2020)

Principal activities

The principal activities of the Group for the financial year was mineral exploration and mining. There were no significant changes in the nature of the principal activities of the Group during the financial year.

Review of operations

The Board has entered into agreements with non-related parties to acquire a project in Mozambique for the potential development of natural resources production assets. The Company considers the project to be highly speculative in nature but have the potential to provide significant uplift in shareholder value based on currently available information.

Operating Results

For the year ended 30 June 2020, net loss after tax amounted to \$389,108 (30 June 2019 net loss after tax: \$205,564). Full details can be found in the Financial Report section within this Financial Report.

Financial position

The net liabilities of the Group are \$564,057 (2019: net liabilities of \$189,420). Full details of the financial position of the Group can be found in the Financial Report section within this Financial Report.

Dividends

There were no dividends declared or paid during the financial year (2019: \$nil).

Significant changes in the state of affairs

There were no significant changes to the state of affairs of the Company during the current year under review, other than as in this report.

Matters subsequent to the end of the financial year

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years.

On 22 March 2021, the Company and Peter Romeo Gianni agreed to amend certain terms and conditions of a binding terms sheet dated 30 March 2020 for the acquisition of five exploration licences based in Australia. The purchase consideration of these licences including additional 1,932,692 ordinary shares at a deemed issue price of \$0.20 per share, 1,000,000 unquoted options exercisable at \$0.25 each and expiring three years and \$50,000 cash payment to complete the acquisition.

Directors' report (continued)

Likely developments and expected results of operations

There are no likely developments of which the directors are aware of which could be expected to significantly affect the results of the Group's operations in subsequent financial periods not otherwise disclosed in the 'Principal activities' and 'Review of operations' or the 'Matters subsequent to the end of the financial year' sections of the Directors' report.

Environmental regulations

The Group is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities. The Directors are not aware of any significant breaches of these requirements during the year.

Share options

There have been no options granted over unissued shares or interests of any controlled entity within the Company during or since the end of the reporting year.

Indemnity and insurance of directors and officers

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Company.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

Criterion Audit Pty Ltd was appointed as the Company's auditor on 24 February 2021 and has not provided any non-audit services to the Company since its appointment.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Directors.



Mr Maurice Dominic Matich
Director
Perth, Western Australia

21 May 2021

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Mozmin Resources Pty Ltd for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 21st day of May 2021

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

| | <u>2020</u> | <u>2019</u> |
|--|------------------|-------------|
| | \$ | \$ |
| Revenue | | |
| Other income | - | - |
| Expenses | | |
| Accounting and audit fees | (7,830) | (12,879) |
| Compliance fees | (3,816) | (3,114) |
| Consultancy fees | (57,753) | (84,392) |
| Directors' fees | (35,585) | (15,000) |
| Exploration expenditure | (230,988) | (239) |
| IT expenses | (3,825) | (10,282) |
| Other expenses | (7,754) | (11,190) |
| Travel and accommodation expenses | (684) | (48,496) |
| Finance income | 56 | 468 |
| Finance costs | (40,929) | (20,440) |
| Loss before income tax | (389,108) | (205,564) |
| Income tax expense | - | - |
| Loss for the year | (389,108) | (205,564) |
| Other comprehensive income | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translation of foreign operations | 14,471 | (773) |
| Total comprehensive loss for the year | (374,637) | (206,337) |
| Total comprehensive loss for the year is attributable to: | | |
| Owners of the Company | (373,882) | (206,129) |
| Non-controlling interest | (755) | (208) |
| | (374,637) | (206,337) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2020

| | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 2,301 | 136,419 |
| Prepayments | | - | 2,994 |
| Other receivables | | 50 | 707 |
| Total current assets | | 2,351 | 140,120 |
| Non-current assets | | | |
| Exploration assets | | 54,712 | 52,500 |
| Total non-current assets | | 54,712 | 52,500 |
| Total assets | | 57,063 | 192,620 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 5 | 108,335 | 28,394 |
| Borrowings | 6 | 512,785 | 353,646 |
| Total current liabilities | | 621,120 | 382,040 |
| Total liabilities | | 621,120 | 382,040 |
| Net liabilities | | (564,057) | (189,420) |
| EQUITY | | | |
| Contributed equity | 7 | 919,270 | 919,270 |
| Foreign currency translation reserve | | 2,815 | (7,235) |
| Accumulated losses | | (1,444,417) | (1,060,485) |
| Total equity attributable to Owners of the Company | | (522,332) | (148,450) |
| Non-controlling interest | | (41,725) | (40,970) |
| Total equity | | (564,057) | (189,420) |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

| | Contributed equity (Note 7) | Foreign currency translation reserve | Accumulated losses | Total equity attributable to Owners of the Company | Non- controlling interest | Total equity |
|--|-----------------------------------|---|-----------------------|--|---------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 919,270 | (7,235) | (1,060,485) | (148,450) | (40,970) | (189,420) |
| Equity issue | - | - | - | - | - | - |
| Foreign currency translation differences | - | 10,050 | - | 10,050 | 4,421 | 14,471 |
| Loss for the year | - | - | (383,932) | (383,932) | (5,176) | (389,108) |
| Total comprehensive loss for the year | - | 10,050 | (383,932) | (373,882) | (755) | (374,637) |
| Balance at 30 June 2020 | 919,270 | 2,815 | (1,444,417) | (522,332) | (41,725) | (564,057) |
| Balance at 1 July 2018 | 516,770 | (6,576) | (855,015) | (344,821) | (40,762) | (385,583) |
| Equity issue | 402,500 | - | - | 402,500 | - | 402,500 |
| Foreign currency translation differences | - | (659) | - | (659) | (114) | (773) |
| Loss for the year | - | - | (205,470) | (205,470) | (94) | (205,564) |
| Total comprehensive loss for the year | - | (659) | (205,470) | (206,129) | (208) | (206,337) |
| Balance at 30 June 2019 | 919,270 | (7,235) | (1,060,485) | (148,450) | (40,970) | (189,420) |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

| | Notes | 2020 | 2019 |
|---|-------|------------------|------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (33,432) | (163,550) |
| Payments for exploration and evaluation expenditure | | (230,988) | - |
| Net cash outflow from operating activities | 4 | (264,420) | (163,550) |
| Cash flows from investing activities | | | |
| Payments for exploration assets | | (2,212) | (52,500) |
| Net cash outflow from investing activities | | (2,212) | (52,500) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 131,750 | - |
| Repayment of borrowings | | - | (52,000) |
| Proceeds from issuance of ordinary shares | | - | 402,500 |
| Net cash inflow from financing activities | | 131,750 | 350,500 |
| Net (decrease)/increase in cash and cash equivalents | | (134,882) | 134,450 |
| Net foreign exchange difference | | 764 | 260 |
| Cash and cash equivalents at the beginning of the year | | 136,419 | 1,709 |
| Cash and cash equivalents at end of year | 4 | 2,301 | 136,419 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2020

1 Corporate information

These financial statements are consolidated financial statements for the Group consisting of Mozmin Resources Pty Ltd (the "Company") and its subsidiaries (the "Group").

Mozmin Resources Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office is at Level 11, 216 St Georges Terrace, Perth, WA, 6000. Its principal place of business is located at Unit 307, 30 The Circus, Burswood, WA, 6100.

The consolidated financial statements were authorised for issue on 21 May 2021 by the directors of the Company. The directors have power to amend and reissue the consolidated financial statements.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These special purpose financial statements have been prepared in accordance with the measurement criteria of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Company is a for-profit entity for the purposes of preparing these consolidated financial statements.

The consolidated financial statements are presented in Australian dollars and have been prepared under the historical cost convention.

2.2 Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.3 Adoption of new and amended standards and interpretations

In the year ended 30 June 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for current annual reporting.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company's accounting policies.

2.4 Going concern basis

The financial statements of the Group have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2020, the Group incurred a loss of \$389,108 and as of that date the Group had net operating cash outflows of \$264,420. The net working capital deficit position of the Group as at 30 June 2020 was \$618,769. The ability of the Group to continue to pay its debts as and when they fall due is principally dependent upon the Group successfully raising additional share capital and the continued support from its lenders and directors. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Significant accounting policies (continued)

2.5 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mozmin Resources Pty Ltd ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the profit or loss using the effective interest rate.

(d) Taxes

Current tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction. Income tax on profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(d) Taxes (continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other assets or liabilities in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(e) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Exploration and evaluation costs

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(f) Exploration and evaluation costs (continued)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Indirect costs that are included in the cost of an exploration and evaluation asset include, among other things, charges for depreciation of equipment used in exploration and evaluation activities.

If an area of interest is abandoned or is considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Operating segments

Operating segments are identified based on internal reports that are regularly reviewed by the directors, the Chief Operation Decision Maker, for the purpose of allocating resources and assessing performance. The adoption of this 'management approach' has resulted in identification of reportable segments.

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Significant accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

(b) Income taxes and recoverability of deferred tax assets

Recognition of deferred tax assets depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of the actual expenditure may be different.

4 Cash and cash equivalents

| | 2020 \$ | 2019 \$ |
|--|------------------|----------------|
| Cash at bank | 2,301 | 136,419 |
| | 2,301 | 136,419 |
| <i>Reconciliation of cash flows from operating activities</i> | | |
| Loss before tax | (389,108) | (205,564) |
| Capitalised finance costs | 29,414 | 17,393 |
| Net foreign exchange difference | 18,984 | (4,352) |
| (Decrease)/increase in prepayments and receivables | (3,651) | 3,297 |
| Increase in trade and other payables | 79,941 | 25,676 |
| Net cash outflow from operating activities | (264,420) | (163,550) |

5 Trade and other payables

| | 2020 \$ | 2019 \$ |
|------------------|----------------|---------------|
| Accrued expenses | 108,335 | 28,394 |
| | 108,335 | 28,394 |

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of invoice.

Notes to the financial statements (continued)

For the year ended 30 June 2020

6 Borrowings

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| <i>Unsecured</i> | | |
| Loans from directors of the Company (a) | 181,953 | 162,390 |
| Other loan (a) | 330,832 | 191,256 |
| | <u>512,785</u> | <u>353,646</u> |

- (a) These borrowings are interest-bearing cash advances to fund the Company's working capital requirements. They are unsecured and repayable on demand.

7 Contributed equity

(a) Movements in ordinary share capital

| | No. of shares | \$ |
|-----------------------------|------------------|----------------|
| At 1 July 2018 | 29,672,267 | 516,770 |
| Issuance of ordinary shares | 15,000,000 | 402,500 |
| Bonus issue (c) | 20,327,733 | - |
| At 30 June 2019 | 65,000000 | 919,270 |
| At 30 June 2020 | 65,000000 | 919,270 |

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Bonus issue

During the financial year ended 30 June 2019, the Company issued a total of 20,327,733 bonus shares to restructure the share capital of the Company in connection with the preparation of the listing of the Company on the London Stock Exchange then. However, the proposed listing on the London Stock Exchange was subsequently cancelled.

8 Operating segments

The Group has determined operating segments based on information provided to the directors. The Group operates predominantly in one business segment being the exploration for minerals two geographic segment being Australia and Mozambique. The Group does not have any customers at this stage. Internal management reports for the Board of Directors' review are consistent with the information provided in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Notes to the financial statements (continued)

For the year ended 30 June 2020

9 Commitments and contingent liabilities

| | 2020 | 2019 |
|---|---------|------|
| | \$ | \$ |
| These exploration commitments are not provided for in the financial statements and are payable: | | |
| Within one year | 129,061 | - |
| Later than one year but not later than five years | 387,305 | - |
| More than five years | 253,813 | - |
| | 770,179 | - |

The Group had no contingent liabilities at 30 June 2020 (2019: \$nil).

10 Subsidiaries

| Name | Country of incorporation | % Equity interest | |
|--|--------------------------|-------------------|------|
| | | 2020 | 2019 |
| Mozmin Resources (Mauritius) Limited | Mauritius | 100% | 100% |
| <i>Subsidiaries of Mozmin Resources (Mauritius) Limited:</i> | | | |
| +258 Limitada | Mozambique | 70% | 70% |
| ATM Limitada | Mozambique | 70% | 70% |

11 Related party transactions

(a) Ultimate parent entity

Mozmin Resources Pty Ltd is the ultimate parent entity of the Group.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 10.

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| | 2020 | 2019 |
|---------------------------|---------|---------|
| | \$ | \$ |
| Borrowings | | |
| Directors of the Company: | | |
| - Adam Schofield | 6,972 | 85 |
| - Glenn Simpson | 174,981 | 162,305 |

12 Event after the reporting period

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years, other than:

On 22 March 2021, the Company and Peter Romeo Gianni agreed to amend certain terms and conditions of a binding terms sheet dated 30 March 2020 for the acquisition of five exploration licences based in Australia. The purchase consideration of these licences including additional 1,932,692 ordinary shares at a deemed issue price of \$0.20 per share, 1,000,000 unquoted options exercisable at \$0.25 each and expiring three years and \$50,000 cash payment to complete the acquisition.

Directors' declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards as detailed in Note 2 and the *Corporations Regulations 2001*, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Mr Maurice Dominic Match
Director
Perth, Western Australia

21 May 2021

Criterion Audit Pty Ltd

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Independent Auditor's Report

To the Members of Mozmin Resources Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Mozmin Resources Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mozmin Resources Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
- b) complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 2.4 to the annual report, which indicates that the Consolidated Entity incurred a net loss of \$389,108 and as of that date, the Consolidated Entity had net operating cash outflows of \$264,420. These conditions, along with other matters as set forth in Note 2.4, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are

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independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2.1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Consolidated Entity's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2.1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 21st day of May 2021

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